

AMENDED IN SENATE MAY 24, 2010

AMENDED IN SENATE MAY 3, 2010

## Senate Joint Resolution

No. 30

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**Introduced by Senator Kehoe**  
(Coauthor: Assembly Member Fletcher)

April 7, 2010

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Senate Joint Resolution No. 30—Relative to deferred compensation plans.

### LEGISLATIVE COUNSEL'S DIGEST

SJR 30, as amended, Kehoe. Deferred compensation plans.

This measure would urge the Congress of the United States and the President to amend the United States Internal Revenue Code to allow all eligible government employees participating in a 457(b) deferred compensation plan the option to treat their elective deferrals as *designated* Roth ~~IRA~~ contributions. The measure would also urge the Congress of the United States and the President to create parity among all workers by presenting 457(b) plan participants with savings choices similar to those given to participants planning for retirement under the Economic Growth and Tax Reconciliation Act of 2001 and the federal government's Thrift Savings Plan.

Fiscal committee: no.

- 1 WHEREAS, On June 7, 2001, the Economic Growth and Tax
- 2 Reconciliation Act of 2001 was signed into law by President
- 3 George W. Bush, granting section 401(k) retirement plan
- 4 participants the option to treat elective deferrals as *designated* Roth
- 5 ~~IRA~~ contributions; and

1 WHEREAS, On June 22, 2009, the Federal Retirement Reform  
2 Act of 2009 was signed into law by President Barack Obama,  
3 granting participants in the federal government's Thrift Savings  
4 Plan the option to treat elective deferrals as *designated* Roth-IRA  
5 contributions; and

6 WHEREAS, There is presently no option for 457(b) plan  
7 participants to treat elective deferrals as *designated* Roth-IRA  
8 contributions; and

9 WHEREAS, Under a *designated* Roth-IRA Contribution Plan  
10 Option contribution, an employee participating in a 457(b) plan  
11 would have the option to make his or her deferred contribution  
12 payments on an after-tax basis in exchange for a tax-free  
13 distribution made to him or her upon retirement; and

14 WHEREAS, Allowing state and local government employees  
15 currently participating in a 457(b) deferred compensation plan the  
16 option to treat elective deferrals as *designated* Roth-IRA  
17 contributions would provide an immediate and ongoing income  
18 benefit for both the State of California and the Treasury of the  
19 United States. Providing employees participating in a 457(b) plan  
20 the option to treat their contributions as *designated* Roth-IRA  
21 contributions could raise an estimated one billion dollars  
22 (\$1,000,000,000) in taxes nationwide over a 10-year period; and

23 WHEREAS, There are more than 269,000 state employees who  
24 are eligible to enroll in a 457(b) plan; and

25 WHEREAS, There are more than 1.08 million local government  
26 employees who are eligible to enroll in a 457(b) plan; now,  
27 therefore, be it

28 *Resolved by the Senate and the Assembly of the State of*  
29 *California, jointly*, That the California State Legislature

30 urges the Congress of the United States and the President to  
31 amend the United States Internal Revenue Code to allow all eligible  
32 government employees participating in a 457(b) deferred  
33 compensation plan the option to treat their elective deferrals as  
34 *designated* Roth-IRA contributions; and be it further

35 *Resolved*, That the California State Legislature urges the  
36 Congress of the United States and the President to create parity  
37 among all workers by presenting 457(b) plan participants with  
38 savings choices similar to those given to participants planning for  
39 retirement under the Economic Growth and Tax Reconciliation

1 Act of 2001 and the federal government's Thrift Savings Plan; and  
2 be it further  
3 *Resolved*, That the Secretary of the Senate transmit copies of  
4 this resolution to the President and the Vice President of the United  
5 States, to the Speaker of the House of Representatives, to the  
6 Majority Leader of the United States Senate, to each Senator and  
7 Representative from California in the Congress of the United  
8 States, to the Commissioner of the Internal Revenue Service, to  
9 the Secretary of the Department of Labor, and to the author for  
10 other appropriate distributions.

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